

Rate Schedule CAP-NITS3
ATTACHMENT H to Tariff
(Supersedes Schedule CAP-NITS2)

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION**

**DESERT SOUTHWEST CUSTOMER SERVICE REGION
CENTRAL ARIZONA PROJECT**

NETWORK INTEGRATION TRANSMISSION SERVICE

Effective:

The first day of the first full billing period beginning on or after January 1, 2016, through December 31, 2020, or until superseded by another rate schedule, whichever occurs earlier.

Applicable:

The transmission customer will compensate the Central Arizona Project (CAP) each month for Network Integration Transmission Service (NITS) under the applicable agreement and the formula rate described herein.

Formula Rate:

$$\text{Monthly Charge} = \frac{\text{Annual Transmission Revenue Requirement for Network Customers} \times \text{Transmission Load-Ratio}}{\text{Integration Transmission Service Share}}$$

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A recalculated Annual Transmission Revenue Requirement for Network Integration Transmission Service will go into effect every January 1 based on the above formula and updated financial and load data. Western will notify the transmission customers annually of the recalculated annual revenue requirement on or before December 1.

Billing:

Billing determinants for the formula rate above will be as specified in the service agreement.

Billing will occur monthly under the formula rate.

Adjustment for Losses:

Losses incurred for service under this rate schedule will be accounted for as agreed to by the parties in accordance with the contract or service agreement. If losses are not fully provided by a transmission customer, charges for financial compensation may apply.